



City of Chula Vista Boards & Commissions

Housing Advisory Commission

Agenda

Notice is hereby given that the **Housing Advisory Commission** of the City of Chula Vista has called and will convene a Special Meeting on **Wednesday, January 28, 2015** at **Congregational Tower**, located at **288 F Street**, Chula Vista, California to consider the item(s) on this agenda.

SPECIAL MEETING OF THE HOUSING ADVISORY COMMISSION OF THE CITY OF CHULA VISTA

**Wednesday, January 28, 2015
4:00 p.m.**

**Congregational Tower Community Classroom
288 F Street
Chula Vista**

CALL TO ORDER

ROLL CALL: Commissioners Lisama, Quero, Torre, Zaker, and Chair Uy

CONSENT CALENDAR

The Board/Commission will enact the Consent Calendar staff recommendations by one motion, without discussion, unless a Board/Commission Member, a member of the public, or staff requests that an item be removed for discussion. If you wish to speak on one of these items, please fill out a "Request to Speak" form and submit it to the Secretary prior to the meeting. Items pulled from the Consent Calendar will be discussed immediately following the Consent Calendar.

1. **APPROVAL OF MINUTES FROM November 20, 2014**

Staff recommendation: Review Attachment 1 and approve minutes.

PUBLIC COMMENTS

Persons speaking during Public Comments may address the Board/Commission on any subject matter within the Board/Commission's jurisdiction that is not listed as an item on the agenda. State law generally prohibits the Board/Commission from discussing or taking action on any issue not included on the agenda, but, if appropriate, the Board/Commission may schedule the topic for future discussion or refer the matter to staff. Comments are limited to three minutes.

ACTION ITEMS

The Item(s) listed in this section of the agenda will be considered individually by the Board/Commission and are expected to elicit discussion and deliberation. If you wish to speak on any item, please fill out a "Request to Speak" form and submit it to the Secretary prior to the meeting.

2. **CONGREGATIONAL TOWER UPDATE & TOUR**

Staff will update the Commission on the completed renovations and provide a tour of the facility.

OTHER BUSINESS

3. **STAFF COMMENTS**

Update on the following projects/programs:

- Lofts on Landis
- Kiku Garden/Garden Villas
- Lake Pointe
- Millenia – Chelsea Investment
- Tavera at Monarch

4. CHAIR’S COMMENTS

5. COMMISSIONERS’/BOARD MEMBERS’ COMMENTS

ADJOURNMENT to the regular meeting of the ***Housing Advisory Commission*** on Wednesday, April 22, 2015 in Conference Room C101 at 276 Fourth Avenue, Building A, Chula Vista, California.

*Materials provided to the **Housing Advisory Commission** related to any open-session item on this agenda are available for public review in the **Housing Division**, Chula Vista during normal business hours.*

***In compliance with the
AMERICANS WITH DISABILITIES ACT***

The City of Chula Vista requests individuals who require special accommodations to access, attend, and/or participate in a City meeting, activity, or service, contact the Human Resources Department at (619) 691-5041 (California Relay Service is available for the hearing impaired by dialing 711) at least forty-eight hours in advance of the meeting.

**DRAFT MINUTES OF THE
HOUSING ADVISORY COMMISSION
OF THE CITY OF CHULA VISTA**

November 20, 2014

4:00 P.M.

A Special Meeting of the **Housing Advisory Commission** of the City of Chula Vista was called to order at 4:07 p.m. in Conference Room C101, located in Building A at 276 Fourth Avenue, Chula Vista, California.

ROLL CALL

PRESENT: Commissioners Quero, Zaker, and Chair Uy

ABSENT: Commissioner Torre and Lisama

ALSO PRESENT: Stacey Kurz, Senior Project Coordinator
Leilani Hines, Housing Manager
Jose Dorado, Project Coordinator
Walter , Chelsea Investment Corp.

CONSENT CALENDAR

1. APPROVAL OF MINUTES FROM May 1, 2014

ACTION: Vice Chair Quero moved the approval of the minutes for May 1st. Commissioner Zaker seconded the motion, and it carried, result of vote 3-0.

2. APPROVAL OF MINUTES FROM July 23, 2014

ACTION: Vice Chair Quero moved the approval of the minutes for May 1st. Chair Uy seconded the motion, and it carried, result of vote 3-0.

PUBLIC COMMENTS

None.

ACTION ITEMS

3. ELECTION OF CHAIR AND VICE CHAIR FOR FISCAL YEAR 2014/2015

ACTION: Commissioner Quero nominated and moved to approve Chair Uy, whom accepted the nomination. Commissioner Zaker seconded the motion, and it carried, result of vote 2-0-1, with Chair Uy abstaining.

Commissioner Quero nominated and moved to approve Commissioner Zaker as Vice Chair, whom accepted the nomination. Chair Uy seconded the motion, and it carried, result of vote 2-0-1, with Vice Chair Zaker abstaining.

4. HOME INVESTMENT PARTNERSHIP & HOUSING AUTHORITY FUNDS LETTER OF PRE-COMMITMENT

Housing staff provided a summary of an application from Chelsea Investment Corporation for up to \$3M towards development of 210 low-income rental units (124 senior units) in the Otay Ranch Millenia project in satisfaction of a portion of their Balanced Communities obligation, reference Exhibit 1 staff report and Exhibit 2 presentation. The Commission will provide comment and recommendation to Council regarding the pre-commitment of funding.

ACTION: Vice Chair Zaker moved to recommend approval of the pre-commitment of financing for the proposed development. Commissioner Quero seconded the motion, and it carried, result of vote 3-0.

OTHER BUSINESS

5. STAFF COMMENTS

Update on the following projects was provided by Staff Kurz:

- Congregational Towers – Rehabilitation of the project is nearly complete and we will attempt to hold the next HAC meeting in January at the property.
- Lofts on Landis – Subterranean level completed and the walls of the first floor are now being shotcreted.
- CalHOME First-Time Homebuyer Funds – City application was successful and we will be awarded \$1M in funds to be added to the existing HOME funds being used for first-time homebuyer activities using the same guidelines with a total subsidy (from all sources) of \$70,000.
- SDG&E Mobilehome Utility Pilot Program – PUC and SDG&E are converting utility systems from submetered systems that require park owners to bill and maintain to direct utility where by those responsibilities would be shifted to SDG&E. City sees this as an opportunity to prevent utility upgrade costs from being passed on to residents as allowed by rent control.

6. CHAIR'S COMMENTS

None.

7. COMMISSIONERS'/BOARD MEMBERS' COMMENTS

Chair Uy shared that the PUC had a RFP out for affordable housing projects to apply for broadband service.

ADJOURNMENT

At 4:57 p.m., Commissioner Quero motioned to adjourn the meeting, with a second from Chair Uy, to the regularly scheduled meeting on Wednesday, January 28, 2014 in Conference Room C101 at 4:00 p.m.

Stacey Kurz, Senior Project Coordinator

- Exhibits:
1. Millenia Affordable Housing Proposal Staff Report
 2. Millenia Affordable Housing Proposal Presentation

The City of Chula Vista Development Services Housing Division
A REPORT TO THE
HOUSING ADVISORY COMMISSION

Item No. 4

Staff: Leilani Hines, Housing Manager
Development Services Department, Housing Division

DATE: November 20, 2014

SUBJECT: MILLENNIA AFFORDABLE HOUSING - RECOMMENDATION OF APPROVAL TO THE HOUSING AUTHORITY AND THE CITY OF CHULA VISTA CITY COUNCIL TO FINANCE A PROPOSED 210 RESIDENTIAL PROJECT WITHIN OTAY RANCH MILLENIA

I. RECOMMENDATION

That the Housing Advisory Commission recommend APPROVAL to the Housing Authority and the City of Chula Vista City Council of the proposed 210 affordable residential project within Otay Ranch Millenia and to conditionally approve up to \$3,000,000 from the available housing fund balance for the project.

II. BACKGROUND

The City of Chula Vista and its Housing Authority has received a request from Chelsea Investment Corporation (“Applicant”) to consider issuance of up to \$33 million in private activity bonds for multi-family projects and a total financial assistance of \$5.2 million to support the construction of a 124 unit senior and 86 unit family rental housing development (“the Project”) within Otay Ranch Millenia (Exhibit 1 - Locator Map). The Project is proposed in satisfaction of Millenia’s Balanced Communities Affordable Housing obligation.

The Applicant is currently preparing an application to both the California Debt Limit Allocation Committee (CDLAC) and the California Tax Credit Allocation Committee for bonds and Tax Credits to substantially finance the Project. The CDLAC application must be submitted by March 2015.

III. PROJECT DESCRIPTION

The Applicant

Chelsea Investment Corporation (CIC) has developed several projects in Chula Vista, primarily in eastern Chula Vista, to satisfy developer inclusionary housing requirements (Teresina Apartments, Rancho Buena Vista Apartments, Villa Serena and The Landings I and II). CIC has over 6,300 housing units in its portfolio. The company has a strong and experienced team of professionals. CIC has successfully managed low income housing units for over 30 years. CIC is qualified and has demonstrated an ongoing desire and commitment to partner with the City in the development of another affordable housing project.

The Property

Millenia Affordable Housing development will be built within the Otay Ranch Millenia subdivision of eastern Chula Vista and located near the southwest corner of Birch Road and Eastlake Parkway (see Attachment 1). As the urban heart of Otay Ranch, Millenia will contain the largest concentration of retail, employment, residential, civic and cultural uses. The Project site provides an ideal location, with easy access to employment and education opportunities, and neighborhood services within Millenia and the other adjacent neighborhoods. The site is located along the proposed Bus Rapid Transit line and within walking distance to neighborhood services and facilities, less than a 1/3 mile is Otay Ranch Town Center, across the street is a grocery store, and within 1/3 mile are Chula Vista High Tech High and the University/Innovation District.

The Proposal

All 210 units will be available on a rent restricted basis to households whose income is at or below 50-60 percent (%) of the Area Median Income (AMI) as determined by HUD. The project will be affordable for 55-years and guarantees the availability of such housing and services for the long term.



The Project will consist a 5-story building with wrap around parking. The 210 affordable units are configured as stack flat units. 124 units will be offered as one and two-bedroom units for seniors and 86 one-three bedroom units for families.

This project will provide a balance of housing opportunities and fulfill a need in Chula Vista for rental housing for seniors and families, particularly in the neighborhoods east of Interstate 805, as outlined in the City of Chula Vista 2013-2020 Housing Element.

Income and Rent Restrictions

For both the tax credit and affordable housing funding, units are required to be restricted and available for occupancy by persons or families whose income does not exceed 30 to 60 percent of the area median income (AMI) for the San Diego Primary Metropolitan Statistical Area. The most restrictive rent and income limits of the applicable funding source is applied for the Project for a period not less than fifty-five (55) years and ensures long term affordability. The income and rent restrictions are to be incorporated into the Regulatory Agreement, which will be recorded against the property (Exhibit 2 –Income Limits and Rents).

Compliance with the income and rent restrictions will be subject annually to a regulatory audit and annual tax credit certification. Compliance with strict property management policies and procedures will ensure that income and rent restrictions will be maintained for the full 55-year compliance period.

IV. FINANCIAL ASSISTANCE

Form of Assistance

Financing and development of the Project is proposed as a joint private-public partnership. With rents restricted at the affordable levels for the 55-year time period, the net operating income is insufficient to support a loan large enough to cover all the project costs.

CIC has requested that the Housing Authority of the City of Chula Vista consider the issuance of private placement bonds to support the majority of the estimated \$58 million (\$275,778 per unit) cost of constructing the project (see Exhibit 3). The permanent bond loan is estimated at approximately \$15.2 million. CIC will apply for approximately \$24.1 million in Low Income Housing Tax Credits. The permanent bonds and Tax Credits would cover over 68 percent of the estimated cost.

To close the financing gap, CIC has requested direct financial assistance of \$3,000,000 from the City's and Housing Authority's available Housing Fund balance. These funds would be used to restrict all 210 units. This equates to a per unit subsidy of \$14,286 per unit. To further assist the Project, the City Council will be asked to consider the deferral and/or waiver of development impact fees in the approximate amount of \$2,175,000 (see Exhibit 4).

The leveraging of local dollars is necessary to obtain the bonds and tax credits for the project. As proposed, the project would be able to leverage \$11 in private investment for each \$1 of our local resources. Financial assistance for the residential units will be subject to obtaining the bonds and tax credits, negotiation of satisfactory terms of the Regulatory Agreement and Loan Agreement and the approval of such terms and documents by the City Council at a later date.

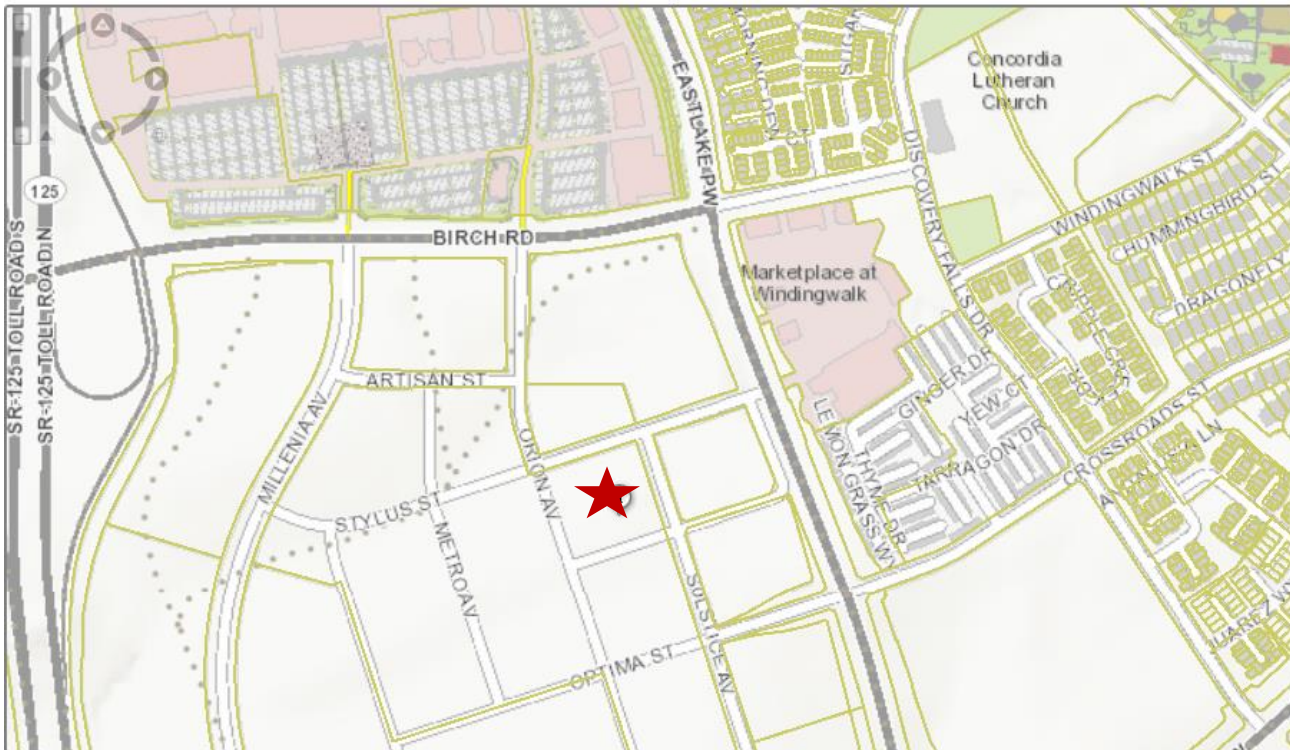
Article XXXIV:

Article XXXIV of the California Constitution (Article 34) requires that voter approval be obtained before any "state public body" develops, constructs or acquires a "low rent housing project". The City of Chula obtained voter approval on April 11, 1978 and subsequently on November 6, 2006 with the passage of Proposition C, which authorizes the development, construction and acquisition of housing for persons of low-income. With the addition of these 210-units, this leaves 1,375 units under the City's current authority to facilitate these activities.

V. Exhibits

1. Locator Map
2. Income Limits and Rents
3. Proforma
4. City and Housing Authority Financial Assistance

MILLENNIA AFFORDABLE HOUSING



Disclaimer: Map and parcel data are believed to be accurate, but accuracy is not guaranteed. This is not a legal document and should not be substituted for a title search, appraisal, survey or zoning verification.

1 inch = 529 feet
11/14/2014

MILLENIA AFFORDABLE HOUSING
Income & Rent Restrictions

Unit Description	No. of Units	Target Income Group		
		% of AMI	Annual Income	Proposed Rents
Seniors				
1 Bd/1 Ba	99	50%	\$ 31,600	\$ 857
1 Bd/1 Ba	11	60%	\$ 37,920	\$ 709
2 Bd/1 Ba	11	50%	\$ 35,550	\$1,027
2 Bd/1 Ba	2	60%	\$ 42,660	\$ 849
MGR	1	N/A	N/A	N/A
Subtotal	124			
Family				
1 Bd/1 Ba	17	50%	\$ 31,600	\$ 857
1 Bd/1 Ba	2	60%	\$ 37,920	\$ 709
2 Bd/1 Ba	34	50%	\$ 35,550	\$1,027
2 Bd/1 Ba	4	60%	\$ 42,660	\$ 849
3 Bd/2 Ba	25	50%	\$ 39,450	\$ 978
3 Bd/2 Ba	3	60%	\$ 47,340	\$1,183
MGR	1	N/A	N/A	N/A
Subtotal	86			
Total	210			

MILLENNIA AFFORDABLE HOUSING

PROFORMA SUBSIDY ANALYSIS

	Cost	Funds	Financing Gap
<u>Project Cost:</u>			
Acquisition	10,189,331		
Construction	28,985,480		
Design/Engineering	1,000,000		
Contingency	1,521,293		
Permits & Fees	10,025,301		
Fees, Financing Costs	2,528,110		
Reserves, Legal, Other	1,164,049		
Developer Fees	2,500,000		
Subtotal	\$ 57,913,564		
Sources of Funds			
Tax Credit Equity		\$24,078,415	
Tax Exempt Bonds-Permanent Loan		\$15,231,000	
Subtotal		\$ 39,309,415	\$ (18,604,149)
Subsidies			
Master Developer Contribution (<i>Land & Improvements</i>)		\$ 10,179,330	
Deferred Developer Fee		\$1,250,000	
C Bond		\$2,000,000	
City Development Fee Deferral/Waiver		\$2,174,819	
City Loan (<i>HOME</i>)		\$1,000,000	
City Loan (<i>In Lieu</i>)		\$ 372,660	
Housing Authority SA Loan (<i>Low/Mod Repay</i>)		\$ 1,627,340	
Subtotal		\$ 18,604,149	
TOTAL	\$ 57,913,564	\$ 57,913,564	\$ -
Project DUS		210	
Project Cost	\$ 57,913,564		
Cost per Unit	\$ 275,778.88	per unit	
City HOME Subsidy per Unit @ 11 Units	\$ 90,909	per unit	
City/Housing Authority Subsidy per Unit	\$ 24,642	per unit	
City HOME Leveraging			\$1 to \$58
Housing Authority Leveraging			\$1 to \$36
TOTAL City/RDA Leveraging			\$1 to \$11

MILLENNIA AFFORDABLE HOUSING

CITY/HOUSING AUTHORITY FINANCIAL ASSISTANCE

\$ (estimate)		Source
Subordinate Residual Receipts Loan of \$3,000,000		
500,000		FY 15 HOME funds
500,000		FY 16 HOME funds (precommitment)
1,630,000		Low/Moderate Income Housing Funds
370,000		Balanced Communities In Lieu Funds
Fee Deferrals/Waivers of \$2,200,000		
1,259,410		Transportation DIF (Deferred)
885,340		Park Acquisition and Development Fee (Deferred)
55,250		Residential Construction Tax (Waived)

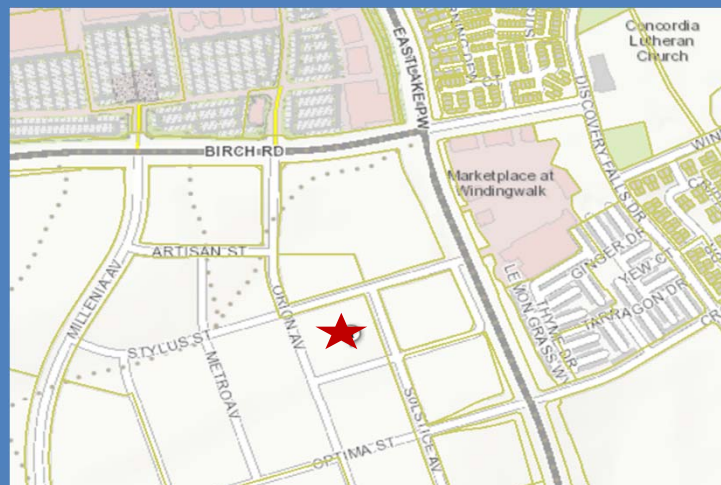
Affordable Housing Application

Millenia Affordable Housing

Presented by:
Leilani Hines, Housing Manager



Project Location



Project Proposal

- 5-story stacked flat with wrap around parking
- Community Space



Project Developer



- Over 6,300 Units Developed, Acquired and Rehabilitation in California
- 30 years experience

Benefits of the Project

- Leveraging City Assistance
 - **\$5,200,000** to **\$58,000,000** of Total Project Costs
- **210** multi-family affordable rental units
 - 124 senior
 - 86 families
 - 88% of dus affordable at 50% AMI
- Ideal location
- Consistent with Housing Element and HUD approved Consolidated Plan and Objectives

Recommend funding up to \$3M

Available Fund Balance	
Housing Authority	\$1,630,000
HOME Federal Grant Program	\$1,000,000
Balanced Communities In Lieu	\$370,000
Total Subsidy	\$3,000,000

Questions/Comments



Proposed Rent Limits

Unit Description	No. of Units	Target Income Group		
		% of AMI	Annual Income	Proposed Rents
Seniors				
1 Bd/1 Ba	99	50%	\$ 31,600	\$ 857
1 Bd/1 Ba	11	60%	\$ 37,920	\$ 709
2 Bd/1 Ba	11	50%	\$ 35,550	\$1,027
2 Bd/1 Ba	2	60%	\$ 42,660	\$ 849
MGR	1	N/A	N/A	N/A
Subtotal	124			
Family				
1 Bd/1 Ba	17	50%	\$ 31,600	\$ 857
1 Bd/1 Ba	2	60%	\$ 37,920	\$ 709
2 Bd/1 Ba	34	50%	\$ 35,550	\$1,027
2 Bd/1 Ba	4	60%	\$ 42,660	\$ 849
3 Bd/2 Ba	25	50%	\$ 39,450	\$ 978
3 Bd/2 Ba	3	60%	\$ 47,340	\$1,183
MGR	1	N/A	N/A	N/A
Subtotal	86			
Total	210			